



**United States Department of Justice
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News Release

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Two More Individuals Plead Guilty to Charges Related to Mortgage Fraud

Minneapolis - In federal court today, two men pled guilty to a single count of conspiracy to commit mail fraud and bank fraud in connection to their roles in a fraudulent mortgage brokering business known as First Rate Mortgage Group. Christopher Adam Horton, age 34, of Minnetonka, Minnesota, and Sean Brian Leaf, age 34, of Woodbury, Minnesota, entered their pleas before United States District Court Judge Joan N. Ericksen.

In pleading guilty to these charges, Horton and Leaf admitted that between 2000 and August of 2004, they and four co-defendants, along with others, conspired to use the U.S. Mail to execute a scheme to defraud federally insured financial institutions and private mortgage lenders of funds. Specifically, through their business, First Rate Mortgage Group, they represented that for a fee, they could help people obtain financing for the purchase of real estate. To do so, however, they mailed false and fraudulent loan applications to banks and mortgage lending companies. Specifically, those loan applications concealed that First Rate Mortgage Group had loaned the money for the down

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payment to the borrower. The applications also inflated the borrower's income and assets, falsely described the borrower's employment, and contained forged signatures. Moreover, the applications included falsified and altered pay stubs, gift letters, bank statements, and bank notes.

In January of 2004, for example, Horton and Leaf, along with their co-defendants, caused false loan applications to be submitted to Washington Mutual Bank for the amount of \$1,330,000 and Associated Bank for the amount of \$378,555 on behalf of a borrower purchasing property in Wayzata, Minnesota. The applications falsely stated the source of the down payment, which had been loaned to the borrower by the conspirators. The applications also inflated the borrower's income and assets and provided false liability figures. In addition, the applications contained falsified tax returns that misstated income.

Each of the defendants is facing a potential maximum sentence of five years in prison. The sentence, of course, will be determined by Judge Ericksen and imposed at a sentencing hearing not yet scheduled.

This case is the result of an investigation conducted by the Federal Bureau of Investigation and the U.S. Postal Inspection Service. Assistant United States Attorney John R. Marti is prosecuting the case.

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